

# House File 446 - Introduced

HOUSE FILE 446

BY KOESTER

## A BILL FOR

1 An Act relating to public school funding by authorizing  
2 the establishment of school district flexibility funds,  
3 providing for the transfer of certain unexpended and  
4 unobligated funds, and including effective date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256C.4, subsection 1, paragraph e, Code  
2 2017, is amended to read as follows:

3 e. Preschool foundation aid funding shall not be used for  
4 the costs of constructing a facility in connection with an  
5 approved local program. Preschool foundation aid funding may  
6 be used by approved local programs and community providers  
7 for professional development for preschool teachers, for  
8 instructional equipment, for material and equipment designed  
9 to develop pupils' large and small motor skills, and for other  
10 direct costs. Preschool foundation aid funding may be used  
11 by approved local programs for the costs of transportation  
12 involving children participating in the preschool program.  
13 The costs of transporting other children associated with the  
14 preschool program or transported as provided in section 256C.3,  
15 subsection 3, paragraph "h", may be prorated by the school  
16 district. Preschool foundation aid funding received by an  
17 approved local program that remain unexpended or unobligated  
18 at the end of a fiscal year shall be ~~used to build the approved~~  
19 ~~local program's preschool program capacity in the next~~  
20 ~~succeeding fiscal year~~ transferred for deposit in the school  
21 district's flexibility fund established under section 298A.16.

22 Sec. 2. Section 257.10, subsection 10, paragraph d, Code  
23 2017, is amended to read as follows:

24 d. The use of the funds calculated under this subsection  
25 and any amount designated for professional development purposes  
26 from the school district's flexibility fund under section  
27 298A.16 shall comply with the requirements of chapter 284. If  
28 all professional development requirements of chapter 284 are  
29 met and funds received under this subsection remain unexpended  
30 and unobligated at the end of a fiscal year, the school  
31 district shall transfer all such unexpended and unobligated  
32 funds for deposit in the school district's flexibility fund  
33 established under section 298A.16.

34 Sec. 3. Section 257.41, subsection 1, Code 2017, is amended  
35 to read as follows:

1     1. *Budget.* The budget of an approved program for at-risk  
 2 students, secondary students who attend alternative programs  
 3 or alternative schools, or returning dropouts and dropout  
 4 prevention for a school district, after subtracting funds  
 5 received under section 257.11, subsection 4, paragraphs "a"  
 6 through "c", and from other sources for that purpose, including  
 7 any ~~previous-carryover~~ amount designated from the school  
 8 district's flexibility fund under section 298A.16, shall be  
 9 funded annually on a basis of one-fourth or more from the  
 10 district cost of the school district and up to three-fourths  
 11 through establishment of a modified supplemental amount.  
 12 Annually, the department of management shall establish a  
 13 modified supplemental amount for each such school district  
 14 equal to the difference between the approved budget for the  
 15 program for that district and the sum of the amount funded from  
 16 the district cost of the school district plus funds received  
 17 under section 257.11, subsection 4, and from other sources  
 18 for that purpose, including any ~~previous-carryover~~ amount  
 19 designated from the school district's flexibility fund under  
 20 section 298A.16.

21     Sec. 4. Section 257.41, Code 2017, is amended by adding the  
 22 following new subsection:

23     NEW SUBSECTION. 5. Unless otherwise provided by law,  
 24 moneys received by a school district from any source for use in  
 25 at-risk pupils' programs, alternative programs and alternative  
 26 school programs, and returning dropout and dropout prevention  
 27 programs, that remain unexpended or unobligated at the end of  
 28 a budget year beginning on or after July 1, 2016, shall be  
 29 transferred for deposit in the school district's flexibility  
 30 fund established under section 298A.16.

31     Sec. 5. Section 257.46, subsection 1, Code 2017, is amended  
 32 to read as follows:

33     1. The budget of an approved gifted and talented children  
 34 program for a school district, after subtracting funds  
 35 received from other sources for that purpose, including any

1 amount designated from the school district's flexibility fund  
2 under section 298A.16, shall be funded annually on a basis  
3 of one-fourth or more from the district cost of the school  
4 district.

5 Sec. 6. Section 257.46, subsection 3, Code 2017, is amended  
6 to read as follows:

7 3. If any portion of the gifted and talented program budget  
8 remains unexpended at the end of the budget year, unless  
9 otherwise provided by law, the remainder shall be ~~carried over~~  
10 ~~to the subsequent budget year and added to the gifted and~~  
11 ~~talented program budget for that year~~ transferred for deposit  
12 in the school district's flexibility fund established under  
13 section 298A.16.

14 Sec. 7. Section 284.6, subsection 9, Code 2017, is amended  
15 to read as follows:

16 9. Moneys received pursuant to section 257.10, subsection  
17 10, or section 257.37A, subsection 2, shall be maintained  
18 as a separate listing within a school district's or area  
19 education agency's budget for funds received and expenditures  
20 made pursuant to this subsection. A school district shall  
21 certify to the department of education how the school  
22 district allocated the funds and that moneys received under  
23 this subsection were used to supplement, not supplant, the  
24 professional development opportunities the school district  
25 would otherwise make available. Moneys received pursuant to  
26 section 257.10, subsection 10, that remain unexpended and  
27 unobligated at the end of a fiscal year shall, pursuant to  
28 section 257.10, subsection 10, paragraph "d", be transferred  
29 for deposit in the school district's flexibility fund  
30 established under section 298A.16.

31 Sec. 8. NEW SECTION. **298A.16 School district flexibility**  
32 **fund.**

33 1. A flexibility fund shall be established in each school  
34 corporation if the school corporation has unexpended and  
35 unobligated funds required to be transferred from any of the

1 following sources:

2     *a.* The home school assistance program under section 299A.12.

3     *b.* At-risk pupils programs, alternative programs and  
4 alternative school programs, and returning dropout and dropout  
5 prevention programs under section 257.40.

6     *c.* Gifted and talented children programs under section  
7 257.46.

8     2. In addition to the transfers to the flexibility fund  
9 required by law, a school district may transfer to the  
10 flexibility fund any unexpended and unobligated moneys in  
11 any other school district fund if the program, purpose, or  
12 requirements for the expenditure of such moneys have been  
13 repealed or are no longer in effect.

14     3. Moneys deposited in the flexibility fund may be used  
15 by the school district during a budget year beginning in  
16 the calendar year following the calendar year in which the  
17 moneys were transferred to the flexibility fund for any of the  
18 following:

19     *a.* An approved local program under the statewide preschool  
20 program for four-year-old children under chapter 256C.

21     *b.* Professional development requirements under chapter 284.

22     *c.* The home school assistance program under section 299A.12.

23     *d.* At-risk pupils programs, alternative programs and  
24 alternative school programs, and returning dropout and dropout  
25 prevention programs under section 257.40.

26     *e.* Gifted and talented children programs under section  
27 257.46.

28     4. Expenditures from the flexibility fund shall be  
29 approved by resolution of the board of directors of the school  
30 corporation and shall be included in the budget certified in  
31 accordance with chapter 24. Before the board of directors may  
32 adopt the resolution approving expenditures from the fund, the  
33 board shall hold a public hearing on the proposed resolution.  
34 The proposed resolution must state the original source and  
35 purpose of the funds, the proposed use of such funds, the

1 amount of the proposed expenditure, and the fiscal year from  
2 which the transfer of such funds to the flexibility fund  
3 occurred. The board shall publish notice of the time and the  
4 place of the public hearing in the same manner as required in  
5 section 24.9. The department of education shall prescribe the  
6 form for public hearing notices. Within ten days following  
7 adoption, a copy of the resolution shall be provided to the  
8 auditor of state for inclusion in any audit performed under  
9 chapter 11.

10 5. Expenditures approved from the flexibility fund  
11 shall not be included in district cost, shall be regarded as  
12 miscellaneous income, and shall not be considered a part of the  
13 school district's unexpended fund balance.

14 6. When exercising authority to carry out an agency action,  
15 as defined in section 17A.2, or any applicable activity or  
16 decision specified in section 17A.2, subsection 11, paragraphs  
17 "a" through "l", related to the provisions of this section, the  
18 department of education shall engage in such agency action,  
19 activity, or decision in a manner that gives deference to  
20 decisions of a school district's board of directors, promotes  
21 flexibility for school districts, and minimizes intrusions into  
22 school district operations' and board of directors' decision  
23 making. In addition, in any such agency action activity or  
24 decision, the burden shall be on the department of education to  
25 demonstrate that any decision or action of a school district's  
26 board of directors is an irrational, illogical, or wholly  
27 unjustifiable interpretation of a provision of law.

28 Sec. 9. Section 299A.12, subsection 1, Code 2017, is amended  
29 to read as follows:

30 1. The board of directors of a school district shall expend  
31 moneys received pursuant to [section 257.6, subsection 1,](#)  
32 [paragraph "a", subparagraph \(5\), and amounts designated from](#)  
33 [the school district's flexibility fund under section 298A.16](#)  
34 [for purposes of providing a home school assistance program.](#)

35 Sec. 10. Section 299A.12, subsection 2, unnumbered

1 paragraph 1, Code 2017, is amended to read as follows:

2 Purposes for which a school district may expend funds  
3 received pursuant to section 257.6, subsection 1, paragraph  
4 "a", subparagraph (5), or amounts designated from the school  
5 district's flexibility fund under section 298A.16 shall include  
6 but not be limited to the following:

7 Sec. 11. Section 299A.12, subsection 2, paragraphs c and d,  
8 Code 2017, are amended to read as follows:

9 c. Salary and benefits for the supervising teacher of  
10 the home school assistance program students. If the teacher  
11 is a part-time home school assistance program teacher and a  
12 part-time regular classroom teacher, funds received pursuant to  
13 section 257.6, subsection 1, paragraph "a", subparagraph (5),  
14 or amounts designated from the school district's flexibility  
15 fund under section 298A.16 may be used only for the portion of  
16 time in which the teacher is a home school assistance program  
17 teacher.

18 d. Salary and benefits for clerical and office staff of  
19 the home school assistance program. If the staff members are  
20 shared with other programs or functions within the district,  
21 funds received pursuant to section 257.6, subsection 1,  
22 paragraph "a", subparagraph (5), or amounts designated from the  
23 school district's flexibility fund under section 298A.16 shall  
24 only be expended for the portion of time spent providing the  
25 home school assistance program services.

26 Sec. 12. Section 299A.12, subsection 3, unnumbered  
27 paragraph 1, Code 2017, is amended to read as follows:

28 Purposes for which a school district shall not expend funds  
29 received pursuant to section 257.6, subsection 1, paragraph  
30 "a", subparagraph (5), or amounts designated from the school  
31 district's flexibility fund under section 298A.16 include but  
32 are not limited to the following:

33 Sec. 13. Section 299A.12, Code 2017, is amended by adding  
34 the following new subsection:

35 NEW SUBSECTION. 4. Unless otherwise prohibited by law,

1 moneys received by a school district pursuant to section 257.6,  
2 subsection 1, paragraph "a", subparagraph (5), that remain  
3 unexpended or unobligated at the end of a budget year beginning  
4 on or after July 1, 2016, shall be transferred for deposit  
5 in the school district's flexibility fund established under  
6 section 298A.16.

7 Sec. 14. EFFECTIVE UPON ENACTMENT. This Act, being deemed  
8 of immediate importance, takes effect upon enactment.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with  
11 the explanation's substance by the members of the general assembly.

12 This bill relates to public school funding by authorizing  
13 the establishment of school district flexibility funds  
14 and providing for the transfer of certain unexpended and  
15 unobligated funds of the school district to the flexibility  
16 fund.

17 The bill requires a flexibility fund to be established  
18 in each school corporation if the school corporation has  
19 unexpended or unobligated funds from the school district's  
20 preschool program under Code chapter 256C, professional  
21 development supplement categorical funding, home school  
22 assistance program, at-risk pupils program, alternative  
23 programs, returning dropout and dropout prevention programs,  
24 and gifted and talented children program. The bill provides  
25 that moneys deposited in the flexibility fund may be used  
26 by the school district during a budget year beginning in  
27 the calendar year following the calendar year in which the  
28 moneys were deposited in the flexibility fund for the school  
29 district's preschool program, professional development costs,  
30 home school assistance program, at-risk pupils program,  
31 alternative programs, returning dropout and dropout prevention  
32 programs, and gifted and talented children program.

33 The bill provides that in addition to the transfers to  
34 the flexibility fund required by law, a school district may  
35 transfer to the flexibility fund any unexpended and unobligated



1 moneys in any other school district fund if the program,  
2 purpose, or requirements for expenditure of such moneys have  
3 been repealed or are no longer in effect.

4     Expenditures from the flexibility fund are required to be  
5 approved by resolution of the school board following a public  
6 hearing and must be included in the school district's certified  
7 budget. The bill specifies that expenditures approved from the  
8 flexibility fund are not included in district cost, must be  
9 regarded as miscellaneous income, and are not considered a part  
10 of the school district's unexpended fund balance.

11     The bill makes corresponding changes to the provisions  
12 of law governing preschool programs under Code chapter 256C,  
13 professional development supplement categorical funding,  
14 home school assistance programs, at-risk pupils programs,  
15 alternative programs, returning dropout and dropout prevention  
16 programs, and gifted and talented children programs to  
17 require the transfer of unexpended or unobligated funds from  
18 those programs to the flexibility fund and to authorize the  
19 expenditure of moneys from the flexibility fund for those  
20 programs.

21     The bill takes effect upon enactment.